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In the
Supreme Court of the United States

OCTOBER TERM, 1979

BASIC INCORPORATED,

Petitioner,

vs.

ELTRA CORPORATION,

Respondent.

On Petition for Writ of Certiorari to the
United States Court of Appeals for the Sixth Circuit.

BRIEF FOR RESPONDENT IN OPPOSITION

DUGALD S. McDUGALL
135 South LaSalle Street
Chicago, Illinois 60603
(312) 346-0338

JOHN C. PURDUE
629 National Bank Building
Toledo, Ohio 43604
(419) 255-6578

DANA M. RAYMOND
30 Rockefeller Plaza
New York, New York 10020
(212) 489-3300

ROBERT H. JOHNSON
511 Hamilton Street
Toledo, Ohio 43694
(419) 244-2811

Attorneys for Respondent

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There is no reason at all—much less any special or important reason—why the writ prayed for in this case should be granted.

This is a patent infringement suit in which the Court of Appeals, on the record before it and after careful study of the prior art and the Patent Office proceedings, has held the patent in suit invalid. No conflict exists among the decisions of the federal courts on any factual issue or question of law involved in this case. Nor does the record pose any important question of federal law which has not been, but should be, settled by this Court.

The two questions presented in the Petition for Certiorari are not expressed in the terms or circumstances

of the case and do not fairly state questions raised by the record or by the decision of the Court of Appeals. The Court of Appeals did not rule as a matter of law on the quantum of evidence required to overcome the statutory presumption of validity in patent cases; and the Court of Appeals did not reject any conclusions of those skilled in the art concerning technological matters nor did it substitute its own conclusions on such matters for those in evidence.

This brief for respondent will begin with a counter-statement of the facts, since petitioner has not stated the case either fully or fairly.

COUNTER-STATEMENT OF THE CASE

The patent in suit, Re. 27,111, is a reissue of original patent No. 3,236,664, applied for in 1962 and issued in 1966, the present reissue patent having been applied for in 1969 and granted in 1971 (E-1).*

Both the original patent and the reissued version relate to the manufacture of pitch-bonded refractory bricks of the type used to line steel-making furnaces; the patented "invention", as described in the specification (E-1, col. 2, line 14), consisted of improving the strength and density of such bricks by including therein "a relatively small amount of carbon black", the specification noting specifically that (E-2, Col. 3, line 9):

"All of the various kinds of carbon black known in the art can be used."

* In the reissue patent appended to the petition (Appx. E), the text enclosed in heavy brackets was in the original patent but was deleted from the reissue patent; text printed in italics, on the other hand, is added material which was not in the original patent. The remainder of the text is common to both patents.

Additionally, the specification taught that the invention could be practiced with other forms of elemental carbon including "pulverized finely-divided coal and coke or graphite" (E-2, col. 3, line 12).

During the Patent Office prosecution of the original patent, no prior art was cited wherein the use of carbon black as an additive in brick manufacture was disclosed. In consequence, the original patent issued with claims which broadly covered the use of carbon black (any kind) as an ingredient in the composition of pitch-bonded refractory bricks. (See, e.g., E-5, cl. 1, and E-6, cl. 13.)

After the original patent had issued, petitioner's officers realized (A-3) that its claims might not be valid in view of the Hodnett Canadian patent No. 614,742, which specifically taught the use of carbon black (or, alternatively, finely divided graphite) in the composition of pitch-bonded refractory bricks. (When petitioner's original application was in the Patent Office, the examiner did not cite the Hodnett patent, apparently having overlooked it in his search of the prior art.)

In 1969, on advice that the original patent might be invalid, petitioner filed an application for reissue, in which some of the original claims were deleted and others were narrowed in scope, apparently to distinguish them from Hodnett. At that time, however, petitioner did not call the Hodnett patent to the attention of the Patent Office (A-3).

Notwithstanding petitioner's failure in that regard, the examiner located the Hodnett patent on his own and cited it in rejecting the reissue application (A-3, A-4).

At that stage, many years after the "invention" had gone into public use, petitioner for the first time asserted special virtues for a particular type of carbon black—

a gas-derived product known as thermal black. The reissue claims which had been rejected on Hodnett were dropped or amended; thenceforth, all of petitioner's claims required that at least one-third of the added carbon black be of the thermal type (A-4, footnote).

In the original specification thermal black had been disclosed as a suitable additive but had not been singled out as superior to the other types of carbon black mentioned therein. Even so, petitioner urged the Patent Office to hold its new thermal-black claims patentable over the Hodnett prior art, asserting that (a) Hodnett simply taught addition of "carbon black", without specifying any particular type, (b) Hodnett stated that finely-divided graphite was preferable to carbon black as a brick additive, and (c) experiments reported to the Patent Office in the affidavit of petitioner's employee Colin Hyde "proved" that thermal black, when used as an additive, yielded bricks with physical qualities vastly better than those obtained when the additive was "the preferred species of the Hodnett patent"—i.e., finely divided graphite (A-15, A-16).

That argument was successful; the Patent Office withdrew its rejection of the new claims and the reissue patent was granted (A-4).

In 1968 (before the present reissue patent had even been applied for), respondent took a license under petitioner's original patent (A-4). Some years later, however, respondent learned that Harbison-Walker, its largest competitor, had filed a suit challenging the validity of the reissue patent. Thereupon, on advice of outside counsel, respondent ceased paying royalties under its license and ultimately, after unsuccessful negotiations with petitioner,

filed the present action for a declaratory judgment of invalidity.

The District Court did, as petitioner says (pp. 4-5), hold petitioner's reissue patent valid and infringed, but in so doing the District Court mischaracterized the Hodnett prior art (A-13, footnote 12), saying that what it "really covers is the use of certain forms of graphite". In reversing the judgment, however, the Court of Appeals pointed out (A-20) that Hodnett "specifically taught" the use of *both* finely divided graphite *and* carbon black, in the very manner prescribed in petitioner's specification, and in the same proportions (A-20-A-21).

In rejecting petitioner's contention that thermal black was surprisingly superior to other forms of carbon black and hence patentable over the prior teachings of Hodnett, the Court of Appeals held (a) that petitioner's argument to the Patent Office based on the Hyde affidavit was *false* (A-16), and (b) that petitioner's actual laboratory tests (not reported to the Patent Office) showed that, as between thermal black and fine graphite, neither was "the clear superior of the other" (A-17-A-18).

In exposing the unsoundness of the District Court's view of the case, the Court of Appeals discussed in detail the trial evidence including the Brezny reports of which petitioner speaks (pp. 6, 9-11), and stated its conclusion thus (A-22):

"In view of the fact that the prior art had already disclosed the usefulness of carbon generally, and carbon blacks in particular, and since the Wilson patent changed neither the quantities of carbon nor the basic process of particle stuffing from the Hodnett patent, and also given the fact that Wilson's process was not shown to perform demonstrably better than Hodnett's, we believe that the selection of thermal black

as a preferred additive is not a patentable difference.”

In thus adjudging the case, the Court of Appeals considered but rejected petitioner’s argument based on “commercial success”—i.e., widespread industry use—of thermal black as a brick additive, noting that (a) thermal black is the cheapest form of free carbon, and (b) petitioner’s selection of thermal black (as a change from graphite) is shown by its own documents to have been “purely” for economic reasons” (A. 22).*

As this Court will have noted, petitioner’s primary “reason for granting the writ” is that the Court of Appeals allegedly did not give proper weight to the “statutory presumption of validity”. Concerning the role of that presumption in this case, the Court of Appeals wrote (A-18-A-19, footnote 18):

“Although Basic entered this litigation with the benefit of the statutory presumption of validity under 35 U.S.C. §282 noted above, it is axiomatic that its limited force can be weakened or destroyed where it is shown that the most relevant prior art was not disclosed to the patent examiner. *American Seating, supra*, 586 F.2d at 615; *Reynolds Metals, supra*, 548 F.2d at 160; *Bolkcom, supra*, 523 F.2d at 498; *Tee-Pak, Inc. v. St. Regis Paper Co.*, 491 F.2d 1193, 1196 (6th Cir. 1974). Similarly in this case we believe that the presumption was *seriously weakened* when Basic *failed to disclose to the patent examiner* the results of tests which came closest to comparing Hodnett and Wilson; and when Basic *plainly misrepresented* the nature of the tests reported in the Hyde affidavit. Because the examiner did not have the best and most accurate information before him

* Emphasis in original.

we cannot entertain the usual presumption of the correctness of his conclusion.”*

Having held petitioner’s patent invalid for obviousness, the Court of Appeals found it “unnecessary to discuss Eltra’s claim that Basic committed fraud on the patent office” (A-23). In concluding its opinion, however, the Court of Appeals did make this significant comment on that subject (A-26):

“In this case, while we offer no opinion as to the merits of Eltra’s claim of fraud on the patent office, we cannot view the allegation as frivolous. As explained above, Basic misrepresented the thrust of the Hyde affidavit in its prosecution of the reissue application. In addition, there was some evidence that Basic ‘rigged’ the Hyde results by intentionally using coarse graphite in its comparative tests, even though Basic’s officials were aware that fine graphite would yield different results. In the face of these facts the District Court erred in awarding attorney’s fees to Basic.

“The judgment of the District Court is reversed.”

* Emphasis added.

ARGUMENT

The facts of the case, as just recounted, show that neither of petitioner's "reasons for granting the writ" has any merit.

Thus, petitioner is not correct in contending (pp. 6-9) that the Court of Appeals applied the wrong standard of proof in adjudging the patent-validity issue, and thus reached a wrong result. Actually, the comments by the Court of Appeals (A-8-A-11) concerning the standard of proof applicable in patent-validity determinations were not in conflict with any of the cases cited by petitioner. In deciding the case at hand, the Court of Appeals made it clear that petitioner's submission of false evidence to the Patent Office, coupled with its failure to disclose conflicting data in its own laboratory reports, had "seriously weakened" the statutory presumption of validity (A-18-A-19, footnote 18).

Moreover, in this case, no question is presented whether the standard of proof be by "clear and convincing evidence" or by "preponderance of the evidence". The relevant facts in this record are not only undisputed—they are proved by contemporaneous documents of admitted authenticity.*

Cut from no better cloth is petitioner's second "reason for granting the writ" (pp. 9-11)—namely, the con-

* The cases in which courts have stressed the need for a high standard of proof have nearly all involved pleas of patent invalidity based on unsubstantiated or scantily corroborated oral testimony concerning long-past events. Cf. *The Barbed Wire Patent* (1892), 143 U.S. 275, 284.

tention that the Court of Appeals "rejected the opinions and conclusions" of respondent's scientist Dr. Brezny. In fact, Dr. Brezny was not a trial witness nor was there any trial testimony concerning him or his work.

The gist of petitioner's second "reason" is the failure of the Court of Appeals to accord decisive significance to Dr. Brezny's summary statement that all of his experiments "to replace the presently used carbon black resulted in degradation of quality". But that statement, obviously, must be read in the context of the report which was being summarized.

In that context, the Court of Appeals *did* consider Dr. Brezny's reports carefully (A-18-A-20) and concluded—rightly—that the results of Dr. Brezny's experiments did *not* demonstrate any superiority of thermal black over other forms of carbon in improving the compressive strength and density of refractory bricks.

In so holding, the Court of Appeals was surely correct, since Brezny never compared the performance of thermal black with the performance of either finely divided graphite or channel black (the form of carbon black rated best by petitioner's inventor Wilson). Nor did any of Brezny's experiments make comparative evaluations of coked density or coked compressive strength.*

* As the Court of Appeals pointed out (A-18-A-19), Dr. Brezny only compared the pressed or "green" densities of bricks (1) made with thermal black, (2) made with a thermal black-graphite mixture, and (3) made with a thermal black-furnace black mixture. The Court of Appeals also observed (A-19) that:

"The expert testimony showed that coked properties are more meaningful because they relate to the conditions that the bricks actually experience in the basic oxygen furnace."

CONCLUSION

This patent case was decided correctly, with no novel or disputed point of law involved. Nothing about it warrants review by this Court, and the petition for writ of certiorari should be denied.

Respectfully submitted,

DUGALD S. McDOUGALL
135 South LaSalle Street
Chicago, Illinois 60603
(312) 346-0338

JOHN C. PURDUE
629 National Bank Building
Toledo, Ohio 43604
(419) 255-6578

DANA M. RAYMOND
30 Rockefeller Plaza
New York, New York 10020
(212) 489-3300

ROBERT H. JOHNSON
511 Hamilton Street
Toledo, Ohio 43694
(419) 244-2811

Attorneys for Respondent